

[Read the Schakowsky Deficit Reduction Plan](#)

WASHINGTON, DC (December 3, 2010) – Today Rep. Jan Schakowsky (D-IL), a member of President Obama's bipartisan National Commission on Fiscal Responsibility and Reform, issued the following statement as prepared for delivery.

While I cannot support the Simpson-Bowles plan, I want to thank the co-chairmen for their dedication to this difficult task over the last eight months, and I agree with them that the work was constructive despite our inability to get fourteen votes.

I offered my own plan to achieve the goal outlined by the President to achieve primary budget balance by 2015 with one very different assumption. I believe that we can do it without further eroding the middle class in America.

It pays to remember that just 10 years ago we had a budget surplus and the debt was rapidly decreasing. During the Bush years, those surpluses disappeared and huge debt accumulated due to two unfunded wars, two unfunded tax cuts that mainly enriched the already wealthy, and a blind eye to the recklessness of Wall Street which caused 8 million Americans to lose their jobs and millions more to lose their savings, the value of their homes and the homes themselves.

Now we are on an “unsustainable fiscal path,” to quote the report, which threatens our future economic viability. But there is another grave threat to both our economy and our democracy, and that is the alarming redistribution of wealth that is shrinking the middle class. The top 1%

of Americans now owns 34% of our nation's wealth – more than the combined wealth of 90% of Americans. Even during this great recession, the top 5% of households have seen their income rise. Just this week, two million Americans lost their unemployment insurance benefits. If we fail to extend them, not only will that be another slap to the middle class, but it will hurt the economy by depriving our businesses – large and small – of money these struggling Americans will rush out and spend.

And now we have a commission report that glibly talks about “shared sacrifice” and making “painful” decisions. I ask, “Painful for whom?” These recommendations ask those who have already been and are sacrificing, to sacrifice further. Those who have not enjoyed the prosperity party over the last many years are being asked to pick up the tab.

We do not need to do this. There is another way.

* My plan recognizes the need to create jobs – a deficit-reducing strategy – that some, incorrectly, view as just more spending. Their plan does not include up front investments to lower the unemployment rate. It is important to note that if America's unemployment rate were still at its pre-recession level of 4.5%, we would only be facing a modest deficit.

* Their plan addresses rising health care costs by asking elderly Medicare beneficiaries to pay more out of their own pockets, even though they already pay about 30% of their mostly meager incomes (the median income for seniors is \$18,000 per year) on their own. Their plan cuts Medicare by \$110 billion by imposing higher cost-sharing requirements on seniors and people with disabilities. Mine requires Medicare to negotiate with pharmaceutical companies for lower prices like the Veteran's Administration does, bringing down the cost to seniors and the government by billions of dollars. It also would implement a public option, which we already know would save \$10 billion by 2015.

* Their plan cuts the bloated military budget, which is a very good thing. Mine does as well, but not by freezing noncombat military pay for three years or by cutting military health care benefits. These military families are not getting rich serving our country and should not be the target of deficit reduction.

* Responding to Republican calls to slash spending, the Bowles-Simpson plan calls for deep cuts in domestic discretionary spending. Using the Bowles-Simpson formula, the Center for Budget and Policy Priorities calculates a 22% cut in current funding levels in 2020, jeopardizing everything from nutrition and education to medical research and job training.

* Amazingly, their plan opens a new huge loophole to incentivize companies to outsource jobs. By adopting a territorial tax system, U.S. based multi-national corporations will never have to pay taxes on profits earned from subsidiaries in foreign countries.

* Finally, the Bowles-Simpson plan would require cuts in Social Security benefits. The good

news is that they acknowledge that Social Security has nothing to do with the deficit, and their plan is to make Social Security solvent for the next 75 years and not to use it for debt reduction. The bad news is that average benefits for middle-income workers (average lifetime earnings of between \$43,000 and \$69,000 per year) could be cut up to 35% depending on when they retire. There is no need to cut Social Security in order to save it as my plan proves.

I have highlighted just a few of the ways that the Bowles-Simpson plan further erodes the middle class and threatens low-income Americans. There are many things in their plan that are also in mine, however. I appreciate that there has been consensus that the defense budget must be subjected to scrutiny and trimming in ways never seriously suggested before. It is very significant that tax expenditures, or as they call "tax earmarks," all those deductions that are largely skewed to the wealthy, are finally being recognized for what they are – spending, but through the tax code.

Some will criticize my approach to deficit reduction as politically impossible. But I gladly subject my ideas to the public, knowing that protecting Social Security and Medicare benefits, investing in jobs, and asking the richest Americans to contribute more, represents a majority view despite the inside-the-beltway conventional wisdom of what is possible. No wonder people are angry. They watch Wall Street tycoons getting bonuses and government bailouts, shopping for holiday gifts at Tiffany's, while they are trying to scrape together enough money for the rent.

Bottom line, this Commission on Fiscal Responsibility and Reform has proven that fixing our nation's fiscal challenges is not mission impossible. I look forward to the constructive debate that has been started and I will continue to stand up for low-income and middle class Americans so that we can uphold the truly American notion of leaving each generation better off than the one that came before it.

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